

**TESTIMONY OF  
WARREN L. JAMISON, MANAGER  
GARRISON DIVERSION CONSERVANCY DISTRICT**

**Before the**

**SENATE BUDGET COMMITTEE FIELD HEARING**

**BISMARCK, NORTH DAKOTA**

**February 20, 2002**

Mr. Chairman, Members of the Committee:

My name is Warren Jamison, Manager of the Garrison Diversion Conservancy District. I am privileged to represent the largest water district this side of the Rocky Mountains. By holding this hearing, you have provided us with a timely opportunity to educate decision makers on the impact that the current budget request for Garrison and for the Bureau of Reclamation has on the effort to fight recession and provide reliable, affordable, quality water supplies to the citizens of North Dakota. Thank you.

I must start by recognizing that this nation is currently in the unenviable position of fighting two wars at the same time. We cannot look our children or grandchildren in the face and consider any alternative but to fight the war against the horrific potential of terrorism. We must be able to tell those children and grandchildren that we are fully committed to not only fighting this war, but winning it. As bad as terrorism is, the eventual result of a prolonged recession or depression is as bad, if not worse. If we do not win the war on recession, we will eventually be unable to wage the war on terrorism effectively, and we will suffer a slow, but certain and agonizing, demise. We have no choice but to fight to win both wars at the same time.

A strong economy is needed in order to support the defense program. This means we must continue our programs to maintain our infrastructure. The economy/business sectors depend not only on infrastructure in the form of transportation networks, communication systems and energy supplies, but most importantly, water supplies.

## **DISCUSSION OF OVERALL BUREAU OF RECLAMATION BUDGET**

It is important to recognize that the FY2003 budget submission of \$726 million for the Bureau of Reclamation's Water and Related Resources program is \$80 million better than their request for FY2002. It is still, however, \$36 million less than the amount that Congress provided last year, and \$115 million less than has been called for by the "Invest In the West" Coalition, a coalition of nine western water organizations that are involved in the full array of western water issues.

The "Invest in the West" goal, one with which I agree, is to raise the Bureau's Water and Related Resources Budget to \$1 billion by the end of FY2005. This is simply a goal to restore the budget to previous levels. The erosion of the Bureau's budget during the 90s has created problems across the west for virtually all of its constituents.

The Bureau of Reclamation reports that they have a \$5 billion backlog of projects. The 106th Congress authorized \$2 billion worth of water programs, of which the Dakota Water Resources Act was a major piece. I would also like to submit, for the record as Attachment 1, a report by the National Urban Agriculture Council, entitled "Withering in the Desert", which shows the Bureau of Reclamation's budget declining 36% from FY1991 through FY2000. The Invest in the West Coalition believes this modest ramping up of the present budget is necessary and appropriate in order to restore the program effectiveness of the Bureau and to meet the critical water needs in the west. In addition to the construction backlog, there is also a need to deal with future operation and maintenance funding needs in the program. This is particularly true in the operation and maintenance budgets for Native American projects. This element of the budget is

already in serious competition for construction dollars, as I will briefly illustrate during my discussion of the Garrison program.

As you look forward to funding for western water needs and the needs in our own state, I would like you to consider one other need that I believe could be addressed in the Bureau budget. There is a serious need for the Bureau of Reclamation, working with the states and the tribes, to conduct a water development needs assessment for the western states. We can't just look at today when we have a responsibility for tomorrow. We suggest you consider providing some modest funding to the 17 western states to update their state water plans so a comprehensive view on future development funding needs would be available to your Committee, as well as the respective authorizing and appropriations committees. It is a need that hasn't been addressed. The Western Water Policy Review Commission examined the issues, but not the funding necessary to address the current and future issues. I believe this is a vital missing link as Congress, the Administration and water users provide a vision and opportunities for future generations.

## **BUDGET IMPACTS ON GARRISON PROJECT**

At this point, I would like to shift to the particulars of the budget as it impacts the Garrison program and some specific projects within the State of North Dakota. Let me begin by reviewing the various elements within the current budget request and then discuss the impacts that the current level of funding will have on the current program.

Attachment 2 shows the funding history over the last six years for the Garrison Diversion Unit. The average is approximately \$26 million. The President's budget request for fiscal year 2003 is for \$25.239 million. A continuation of that trend is a formula for disaster. The President's budget request maintains the historic funding level but ignores the needs of the current programs and does not keep up with the price increases expected in the major programs as delays occur. Fortunately, Congress saw fit to provide that the unexpended authorization ceilings would be indexed annually to adjust for inflation. The proposed allocations to the indexed programs in the President's budget totals \$6.7 million. If a modest 2% inflation factor is assumed, the increase will be \$8 million for MR&I and \$2 million for the Red River Valley phase. Simply put, with the current request, we will lose ground on the completion of these projects.

This year, the District is asking the Congress to appropriate a total of \$45 million for the Project. Attachment 3 is a breakdown of the elements in the District's request. To discuss this in more detail, I must first explain that the Garrison budget consists of several different program items. For ease of discussion, I would like to simplify the breakdown into three major categories. The first I would call the base operations portion of the budget request. Attachment 4 contains a breakdown of the elements in that portion of the budget. This amount is nominally \$20 million annually. However, as more Indian MR&I projects are completed, the operation and maintenance costs for these projects will grow and create a conflict with a growing request for actual construction funding.

The second element of the budget is the MR&I portion. This consists of both Indian and non-Indian funding. The Dakota Water Resources Act contains an additional \$200 million authorization for each of these programs. For discussion purposes, I have lumped them together and acknowledged that however each program proceeds, it is our intent that each reach the

conclusion of the funding authorization at approximately the same time. We believe this is only fair.

The MR&I program consists of a number of medium-sized projects that are independent of one another. They generally run in the \$20 million category. Some are, of course, smaller and others somewhat larger, but one that is considerably larger is the Northwest Area Water Supply Project (NAWS). The first phase of that project is underway. The optimum construction schedule for completion of the first phase has been determined to be five years. The total cost of the first phase is \$66 million. At a 65% cost share, the federal funding needed to support that program is \$43 million. On the average, the annual funding for that project alone is over \$8 million. Four other projects have been approved for future funding and numerous projects on the reservations are in the final stages of planning. These requests will all compete with one another. It will be a delicate challenge to balance these projects with one another. Nevertheless, we believe that once a project is started, it needs to be pursued vigorously to completion. If it is not, we simply run the cost up and increase the risk of incompatibility among the working parts.

An example of the former would be the certain impact of increased cost of construction over time through inflation but also by protracting the engineering and administration costs and “interest-during-construction” costs.

Another costly example might be that a part used in an early phase may no longer be available from manufacturers during the last phases. The risk of the two dissimilar parts not quite meshing in actual operation is, of course, increased when the project is stretched out over a longer period of time.

The third element of the budget is the Red River Valley (RRV) construction phase. The Dakota Water Resources Act authorized \$200 million for the construction of facilities to meet the water quality and quantity needs of the Red River Valley communities. It is my belief that the final plans and authorizations, if necessary, should be expected in approximately five years. This will create an immediate need for greater construction funding.

This major project, once started, should be pursued vigorously to completion. The reasons are the same as for the NAWS project and relate to good engineering construction management. Although difficult to predict at this time, it is reasonable to plan that the RRV project features, once started, should be completed in approximately seven years. This creates a need for an additional \$30 million as soon as authorized and a repayment contract is signed. Fortunately, the RRV project start will probably follow the completion of the NAWS first phase and possible later phases.

Using these two projects as examples sets up the argument for a steadily increasing budget. First, to accelerate the MR&I program in early years to assure the timely completion of the NAWS project and then to ready the budget for a smaller MR&I allocation when the RRV project construction begins.

Attachment 5 illustrates the level of funding for the two major items, MR&I and RRV. It is quickly apparent that if a straight-line appropriation is used for each, that a jolt or funding disaster will occur in the sixth year. That is when an additional \$30 million will suddenly be needed for the RRV program. It is simply good management to blend these needs to avoid

drastic hills and valleys in the budget requests. By accelerating the construction of NAWs and other projects which are ready for construction during the early years, some of the pressure will be off when the RRV project construction funding is needed. A smoother, more efficient construction program over time will be the result.

Attachment 6 shows such a program. It begins with a \$45 million budget this year and gradually builds over time to nearly \$80 million when the RRV construction could be in full swing (FY08). Mr. Chairman, this is why we believe it is important that the budget resolution recognize that a robust increase in the budget allocation is needed for the Bureau of Reclamation. We hope this testimony will serve as at least one example of why we fully support the efforts of the "Invest in the West" campaign to increase the overall allocation by another \$115 million in FY2003 and over time an increase to a total of \$1 billion.

Once again, the District acknowledges the difficulty of increasing the numbers in a time of deficit spending, but can only conclude that these two wars must be fought vigorously and simultaneously. We cannot afford to fail at either.

Thank you for giving us this opportunity to appear before the committee today. I would be happy to attempt to answer any questions you may have.

ROGER WATERS  
PRESIDENT  
PETER CARLSON  
VICE PRESIDENT / OPERATIONS  
JIM BREZACK  
VICE-PRESIDENT / PLANNING.

**NATIONAL URBAN AGRICULTURE COUNCIL**  
NATIONAL URBAN AGRICULTURE COUNCIL  
1015 18TH STREET SUITE # 600 WASHINGTON, D.C. 20036  
(202) 429-4344 FAX (202) 429-4342

February 20, 2001

**WITHERING IN THE DESERT:  
THE NEED TO INCREASE THE BUREAU OF RECLAMATION'S BUDGET**

Western water interests have been concerned for several years about the downward trend of the Water and Related Resources Budget of the U.S. Bureau of Reclamation, Department of the Interior. The Bureau's Budget has decreased more than 36% in ten years going from \$899,378,000 in FY91 to \$573,612,000 in FY2000. During the five-year period covered by the tables attached to this report, it was reduced by \$106 million.

In order to address the backlog in the Bureau of Reclamation that is discussed later in this report, we suggest a \$1 billion a year budget be provided for the Water and Related Resources account in their budget so that important needs in the West are adequately addressed.

During the time frame of FY91-FY2000, Congress has passed new project and program authorizing legislation for the Bureau such as the Reclamation Projects Authorization and Adjustment Act of 1992 and projects in the Omnibus Consolidated and Emergency Supplemental Appropriations for FY2001. Freestanding authorization bills in the 106th Congress totaled \$2 billion, giving the Bureau of Reclamation a \$5 billion backlog of authorizations to be incorporated into their Budget. This backlog includes the Title 16 Water Reclamation and Reuse Program and the California Bay-Delta Ecosystem Restoration Program.

In 1997 the Bureau published its five-year Strategic Plan pursuant to the Government Performance and Results Act (GRPA) of 1993. Western water organizations participated in discussions and development of the plan and on the subsequent Annual Plans for the Bureau. The Strategic Plan had three primary objectives coupled with eighteen strategies and five-year goals for each of the strategies. Their mission, in its simplest terms, is broken down as follows:

- A. Manage, develop, and protect associated water related resources;
- B. Protect the Environment in the West;
- C. Improve business practices and increase employee productivity.

We do not believe the Bureau should unilaterally redefine its mission. First, its original mission isn't finished. Second, defining the mission of a Federal agency is the prerogative of Congress, not the agency itself. In June of 1998, Congress was presented with a report from the Western Water Policy Review Advisory Commission: "Water in the West: Challenge for the Next Century". Western water interests concerns with the decline of the Bureau's Budget are matched by their concern of how to address the growth-related issues in the West. As the report notes:

"For the past 15 years, the West has been experiencing the most dramatic demographic changes for any region or period in the country's history. Should present trends continue, by 2020 population in the West may increase by more than 30 percent."

With that growth is a little recognized fact: The Bureau of Reclamation is about to celebrate its 100th birthday. The Bureau of Reclamation is responsible for the largest portion of water storage in Federal reservoirs in the West; an ever-increasing aging infrastructure. Reclamation has sole responsibility for the operation of reservoirs with a total capacity of more than 119 MAF and shares responsibility for the operation of reservoirs with an additional 16 MAF.

There are about 133 water projects in the western United States constructed by Reclamation. As a result, the Bureau of Reclamation's operation and maintenance budget, just like that of the U.S. Army Corps of Engineers is increasing at a substantial rate. Just as the backlog of projects needs to be accommodated, there is a need to recognize the operations and maintenance budget with future Budget increases.

Attached is a table for FY's 1996-2000 budgets for each of the major agencies in the Department of the Interior. All of these agencies are funded by the Interior Appropriations Bill. The Bureau of Reclamation is funded by the Energy and Water Appropriations Bill, which also funds the U.S. Army Corps of Engineers and the Department of Energy. However, when viewed by the Administration and the Department of the Interior, the Bureau of Reclamation is included in the Department's framework for decisions on increases or reductions to the overall Department's Budget even though it is funded by a different appropriations account.

There is great concern among Western water interests about the downward trend of the Bureau's Budget. There is a general consensus that a minimum of \$1 billion a year is needed to address ongoing programs and the growing backlog of the Bureau. This is necessary for the West to address its growth related issues. Given the information presented in the attached tables, every agency except the Bureau of Reclamation and the Minerals Management Service received a Budget increase, ranging from \$30 million to \$500 million during these five fiscal years. The Bureau of Reclamation has suffered a \$106 million decrease. We feel a change needs to occur, especially since there was a combined increase of \$1.3 billion for these agencies during the FY96-2000 time frame. This time frame incidentally coincides with the 5-year Balanced Budget Agreement where a vast majority of other agencies programs were being reduced. In addition, Congress has provided money through Conservation and Reinvestment Act (CARA)-type programs in the FY2001 budget that, just for the Interior related budget non-Reclamation program, amounted to \$678 million. This funding is only expected to increase in the future once the actual authorizing legislation passes Congress.

There is also a growing recognition that in the 107th Congress, there is a strong likelihood of an additional \$3 to \$7 billion of authorizations being proposed for the State of California. These include new authorizations for CAL-FED, a comprehensive water management program for the Santa Ana Watershed, the Salton Sea, and a water reuse/recycling program for various parts of California. There are also growing program needs in the Pacific Northwest with respect to addressing salmon related issues.

A careful note needs to be made about the \$3 billion backlog for the Bureau that existed prior to the action in the 106th Congress. A small portion of that backlog may be reduced as a result of the legislation that passed in the 106th Congress. For example, the old cost ceiling for the Animas LaPlata (ALP) is in the \$3 billion backlog. The legislation that passed the 106th Congress for ALP reduced the cost of the project substantially. There are further examples of features of projects in that backlog that will likely never get built, but Congress has taken no action to suggest that they should be modified or deleted.

In addition, a report last year by the firm of Will & Carlson, Inc. - "The Greening of the Bureau of Reclamation: From Bird Seed to Pistachio Farms to Life on the Edge" reviewed the Bureau of Reclamation's budget from FY91-99 regarding loans, grants and cooperative agreements for less than \$2 million. That report indicated during that period, approximately \$750 million had been provided for a variety of activities. The vast majority of these activities were legitimately related to specific project or program authorizations of the Bureau of Reclamation, as well as activities directly related to other Federal requirements and activities, such as the Endangered Species Act and Indian Water Rights Settlements. Without making a value judgment call, there was funding provided for maybe as much as 20% of this total that might be questionable. Regardless, the information is now available so that Congress, if they so choose, can decide on whether such activities should continue in the future. It is important to recognize the dollar amount that is necessary for the environmental challenge for water development to occur to meet the future water needs in the West.

In conclusion, with the growth related issues in the West, the backlog of projects, the downturn in the Bureau's Budget, the overall increase in almost all of the other Interior Agencies, and with the country now in a budget surplus period, it is time to increase the Bureau's Budget to a level that meets this challenge. It is time to turn the corner on the funding for the Bureau and put it on a course so the West is not left withering in the desert.

Prepared By: Peter Carlson

Vice President for Strategic Planning  
The National Urban Agriculture Council

For additional information about NUAC, please see our Internet web site at <http://www.nuac.org>.

## **106th Congress**

### **Bureau of Reclamation Bills/Provisions That Became Law**

#### **Reclamation-Wide**

Reclamation Reform Act Refunds, Public Law 106-377  
Dam Safety amendments, Public Law 106-377  
Hawaii Reclamation and Reuse Study, Public Law 106-566

#### **Great Plains Region**

Perkins County Rural Water Supply Project, Public Law 106-136  
Rocky Boys Indian Water Rights Settlement, Public Law 106-163  
Lewis and Clark Rural Water Supply, Public Law 106-246  
Middle Loup Title Transfer, Public Law 106-366  
Northern Colorado Title Transfer, Public Law 106-376  
Glendo Contract Extension, Public Law 106-377  
Canyon Ferry Technical Corrections, Public Law 106-377  
Loveland Warren Act amendment, Public Law 106-377  
Fort Peck Rural Water Supply, Public Law 106-382  
Park County land conveyance, Public Law 106-494  
Palmetto Bend Title Transfer, Public Law 106-512  
City of Dickinson, North Dakota Bascule Gates Settlement Act, Public Law 106-566  
Dakota Water Resources Act, Public Law 106-554  
Lower Rio Grande, Public Law 106-576

#### **Upper Colorado Region**

Central Utah Project Completion Act, Public Law 106-140  
Carlsbad Title Transfer, Public Law 106-220  
Jicarilla Apache Feasibility Study, Public Law 106-243  
Weber Basin Warren Act Amendment, Public Law 106-368  
Upper Colorado Fish Recovery, Public Law 106-392  
Colorado River salinity, Public Law 106-459  
Mancos (Warren Act Amendment), Public Law 106-549  
Colorado Ute Settlement Act Amendments, Public Law 106-554

#### **Lower Colorado Region**

Griffith Title Transfer, Public Law 106-249  
Ak-Chin Indian Water Rights Settlement, Public Law 106-285  
Hoover Dam Miscellaneous Sales, Public Law 106-461  
Yuma Port Authority Transfer Act, Public Law 106-566.  
Wellton Mohawk Title Transfer, Public Law 106-221

## **Pacific Northwest Region**

Deschutes, Public Law 106-270  
Minidoka Authorization Ceiling Increase, Public Law 106-371  
Chandler study, Public Law 106-372  
Nampa and Meridian Title Transfer, Public Law 106-466  
Cascade Reservoir Land Exchange, Public Law 106-493  
Bend Feed Canal, Public Law 106-496  
Salmon Creek Studies, Public Law 106-499  
Fish Screen, Public Law 106-502

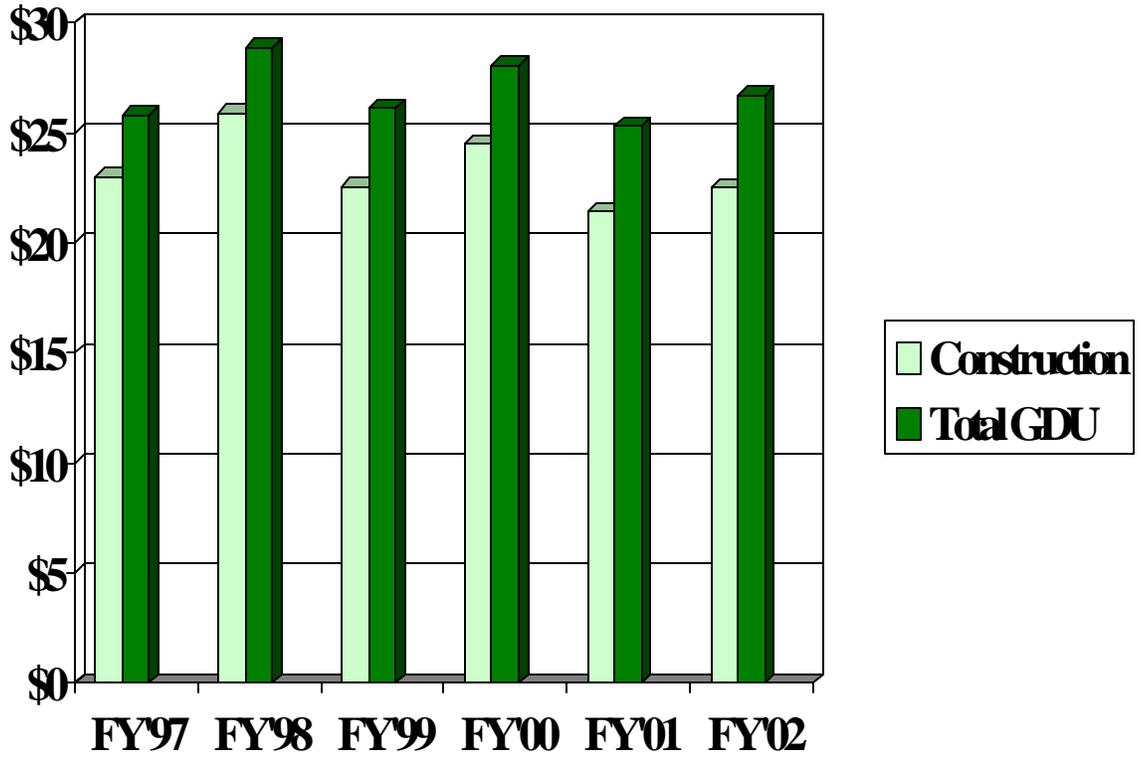
## **Mid-Pacific Region**

Sly Park Title Transfer, Public Law 106-377  
Solano Project Warren Act amendment, Public Law 106-467  
Sugar Pine Title Transfer, Public Law 106-566  
Clear Creek Title Transfer, California, Public Law 106-566  
Colusa Basin, California, signed 12/23/00, signed 12/23/00, Public Law 106-566  
City of Roseville, CA, signed 12/23/00, Public Law 106-554  
Truckee Water Reuse Project, Public Law 106-554  
Sacramento River study, Public Law 106-554  
Klamath studies, Public Law 106-498.

# Garrison Diversion Unit

## Funding History

(\$ Millions)



**JUSTIFICATION FOR \$45 MILLION GDU APPROPRIATION  
FY 2003**

Northwest Area Water Supply is cleared for construction after 15 years of study and diplomatic delay. Construction of first phase is estimated to be \$66 million.

Designs are based on a five-year construction period, thus, \$12 million is needed for NAWS alone. Indian MR&I programs should be approximately the same.

McKenzie County, Ramsey County expansion, Tri-County and the Langdon-Munich phase will be ready but may be funded from carryover of existing appropriations.

Red River Valley special studies are behind schedule and need to be accelerated.

OPERATION AND MAINTENANCE OF INDIAN MR&I SYSTEMS PLUS  
JAMESTOWN DAM **\$ 4 million**

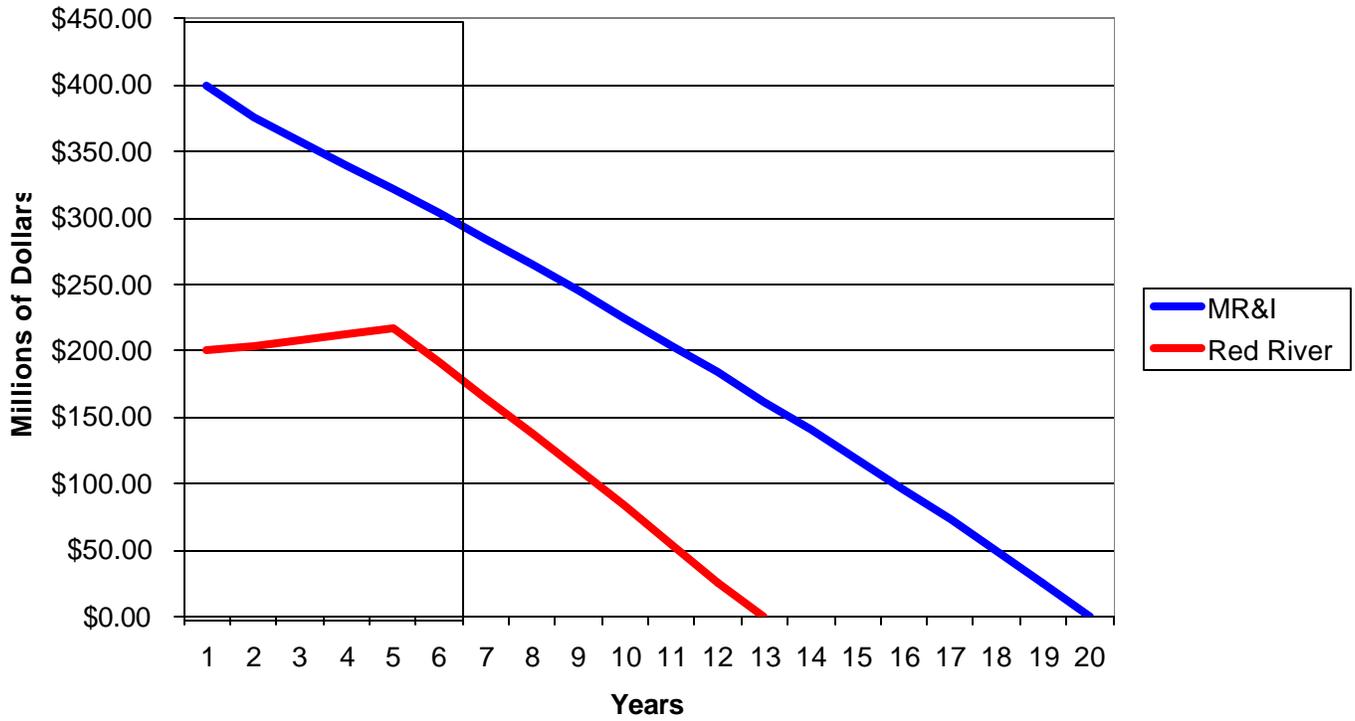
**BREAKDOWN OF \$45 MILLION CONSTRUCTION REQUEST**

Operation and Maintenance of existing Supply system	\$ 5 million
Wildlife Mitigation & Natural Resources Trust	\$ 4 million
Red River Valley Special Studies and Env. Analysis	\$ 4 million
Indian and non-Indian MR&I	\$20 million
Indian Irrigation	\$ 3 million
Recreation	\$ 1 million
Underfinancing 9.5%	<u>\$ 4 million</u>
Total for Construction	<b><u>\$41 million</u></b>
<b>Grand Total</b>	<b>\$45 million</b>

**ELEMENTS OF THE BASE OPERATIONS PORTION OF THE  
GARRISON DIVERSION UNIT BUDGET  
FY 2003**

1) Operation and Maintenance of Indian MR&I systems and Jamestown Dam	\$ 4.5 mill
2) Operation and Maintenance of Existing GDU facilities	\$ 5.0 mill
3) Funding of Natural Resources Trust and remaining Wildlife Mitigation Programs	\$ 4.0 mill
4) Indian Irrigation	\$ 2.5 mill
5) Recreation	\$ 1.0 mill
6) Underfinancing at 9.5%	<u>\$ 4.0 mill</u>
<b>Total</b>	<b>\$21.0 mill</b>

**Remaining MR&I Ceiling Based on a \$25 Million Appropriation for the Next 20 Years and Drawing \$30 Million for the RRV After Year 5**



# Garrison Diversion Unit

## Annual Appropriations

(\$ Millions)

